

Assemblyman Nathan Fletcher



California State Assembly, 75<sup>th</sup> District

## PUTTING JOBS FIRST

Eliminating the Cap: Centre City Redevelopment Project Area

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### ***CREATING JOBS IS OUR TOP PRIORITY***

Unemployment has hit San Diego families hard and nearly 2.3 million Californians are unemployed. Nearly 11% of San Diego county residents are without a job and thousands more are underemployed and unable to pay their bills. The City of San Diego had a unique opportunity to help get people back to work and to expand economic opportunity in the greater region.

### ***ELIMINATING THE CAP WILL CREATE JOBS FOR SAN DIEGANS***

Eliminating the cap will allow San Diego to finance hundreds of projects. These projects may include public infrastructure improvements (sidewalks, parks, street lights, historic preservation, fire stations, parking facilities, etc) and thousands of new affordable housing units. **This effort will result in billions of dollars of investment that will directly benefit the greater San Diego region.** These investments will mean:

- **JOBS:** 60,000 permanent jobs will be created resulting from the continued redevelopment efforts in downtown San Diego, reducing unemployment. Additionally, nearly 50,000 additional construction jobs will be created.
- **AFFORDABLE HOUSING:** 20% of all new property taxes will be set aside for affordable housing resulting in the development of an estimated 4,600 affordable housing units, relieving the potential of increased homelessness.

### ***PROTECTING SAN DIEGO TAXPAYERS, KEEPING TAX DOLLARS LOCAL***

Eliminating the cap will allow San Diego to retain property taxes and will provide taxpayers with input on how tax dollars are spent.

- **KEEPING TAX DOLLARS LOCAL:** Expanding redevelopment investment will generate more tax revenue for San Diego.
  - The Office of the Independent Budget Analyst estimates that removing the tax increment cap will be a **net positive for San Diego's General Fund** - possibly a net gain of over \$230 million through 2043.

- \$1.1 billion in new sales tax between the years 2011 and 2043 will result from the development of an additional 2.7 million square feet of retail space.
- Transient Occupancy Tax received will increase by some \$375 million with the anticipated development of an additional 4,000 new hotel rooms in downtown San Diego bringing tourist and conventioners into the state, enhancing the our economy.
- PROTECTING TAXPAYERS
  - Redevelopment projects require the approval of the City Council. Council members serve on the San Diego Redevelopment Agency, **ensuring the public has input regarding the use of tax dollars.**
  - Eliminates the need for a costly study. Eliminating the cap saves the city over \$500,000 in legal costs and consultant fees.
  - Private investment will increase another \$10 billion in the next 20 years, reducing the need for additional taxpayer-funded projects.

### ***A COMMITMENT TO PUBLIC INPUT***

Assemblyman Fletcher, Mayor Sanders, Supervisor Roberts and Council Members Frye and Faulconer came together to announce a comprehensive process to gain public input on how redevelopment funds are spent. This effort will include:

- A comprehensive community benefit assessment to understand the impact of the elimination of the cap on the city, neighboring communities and affected stakeholders.
- An agreement between county and city leaders to negotiate a future revenue sharing agreement.

### ***MAKING A LONG-TERM INVESTMENT IN SAN DIEGO'S FUTURE***

By lifting the cap, CCDC will be able to expand its investments on hundreds of projects that will benefit the San Diego region. The Centre City Redevelopment Area in downtown San Diego is facing a difficult situation. All project areas adopted after January 1994 do not have any dollar limits on the amount of tax increment that can be received, only time limits. Unfortunately the Centre City redevelopment project area came into existence pre-1994 and finds itself saddled with a financial cap as well as a time limit cap. This legislation will lift the financial cap while retaining the original time limit. With the elimination of the cap, redevelopment activities will have the ability to continue through 2033; otherwise, redevelopment efforts will cease by 2023-2024 when the dollar cap is expected to be reached.

## **Q&A**

### **Will this cost the City of San Diego money?**

- No. According to the Office of the Independent Budget Analyst removing the tax increment cap will be a net positive for San Diego's General Fund - possibly a net gain of over \$230 million through 2043.
- Expanded hotel and retail activity, combined with new housing will grow the tax base and result in a net gain to San Diego's general fund.

### **Will the public have any input in how redevelopment funds are spent?**

- Yes. Every single redevelopment project overseen by the CCDC is required to have City Council approval since Council Members are also members of the San Diego Redevelopment Agency.
- Every project is fully reviewed by the Redevelopment Agency and must receive support from the agency before a shovel can be lifted. The public can lobby for the projects they want financed and speak to the merits and shortcomings of each.

### **Is this about building a new stadium for the Chargers?**

- It is about jobs. Nearly 11% of San Diego is unemployed. Eliminating the cap will bring over 110,000 new jobs to the San Diego region.
- This is about more than just one project. Eliminating the cap will mean billions of dollars in new investment and hundreds of new projects.
- Eliminating the cap means San Diego can invest in affordable housing, build critical infrastructure, improve transportation corridors, etc. Every project, including a potential stadium, is in a better position to be realized.

### **Why was this done in the 'dark of the night?'**

- The bill received a vigorous debate on the floor of the Assembly and was supported by a two-thirds of the legislature.
- The legislative process is never perfect, but we believe that providing jobs for San Diego is the most important thing we can do right now.
- Eliminating the cap will provide over 110,000 permanent and temporary jobs for the greater San Diego region.

### **Why was the cap removed at the state level?**

- The city council already supported an effort to eliminate or expand the cap; however that process could cost the city over \$500,000 in attorney and consultant fees.
- In lieu of spending local tax dollars on a study, the legislature acted to provide certainty to the city so investment can begin as soon as possible.
- In 2009, the Legislature unanimously removed the redevelopment cap for the City of Glendora. To encourage job creation in San Diego, a bipartisan majority came together this year to amend San Diego's redevelopment cap.